

REPORT DOCUMENTATION PAGE				<i>Form Approved</i> OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.					
1. REPORT DATE (DD-MM-YYYY) 24-12-2002		2. REPORT TYPE Final Technical Report		3. DATES COVERED (From - To) 01-06-01 to 30-09-02	
4. TITLE AND SUBTITLE Building and Retaining Human Capital Through the Assignment Process				5a. CONTRACT NUMBER 	
				5b. GRANT NUMBER N00014-01-1-0917	
				5c. PROGRAM ELEMENT NUMBER 	
6. AUTHOR(S) Prince, J. Bruce, Associate Professor, Kansas State University				5d. PROJECT NUMBER 	
				5e. TASK NUMBER 	
				5f. WORK UNIT NUMBER 	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Kansas State University, Manhattan, KS 66506-0507 under subcontract from University of Mississippi, Office of Research, 125 Old Chemistry, University, MS 38677				8. PERFORMING ORGANIZATION REPORT NUMBER 	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) Office of Naval Research Ballston Centre Tower One 800 North Quincy Street Arlington, VA 22217-5660				10. SPONSORING/MONITOR'S ACRONYM(S) ONR	
				11. SPONSORING/MONITORING REPORT NUMBER 	
12. DISTRIBUTION/AVAILABILITY STATEMENT Distribution Unlimited					
13. SUPPLEMENTARY NOTES None				20021230 098	
14. ABSTRACT This report summarizes the findings of a research study on the effects of going beyond short-term candidate performance potential focus and adding an individual career development focused criteria to the promotion and transfer decision process. The empirical results support that internal selection decisions that incorporate both criteria are seen as more effective in terms of using fairer procedures and selecting the right candidates and are associated with more positive attitude outcomes including organizational commitment (which is strongly related to employee retention). The active involvement of the HR department in partnership with the hiring unit in the decision process contributed to achieving broader organizational and individual focused criteria and other indices of decision effectiveness.					
15. SUBJECT TERMS Human Capital, Promotion and Transfer, Internal Selection, Commitment, Decision Fairness, Careers, Employee Development					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT U	b. ABSTRACT U	c. THIS PAGE U	UU	5	Dr. J. Bruce Prince
					19b. TELEPHONE NUMBER (Include area code) 785-532-7459

Final Technical Report

GRANT#: N00014-01-1-0917

PRINCIPAL INVESTIGATOR: Dr. J. Bruce Prince (email: princej@ksu.edu)

INSTITUTION: Kansas State University

GRANT TITLE: Building and Retaining Human Capital Through the Assignment Process

AWARD PERIOD: 1 June 2001 through 30 September 2002

OBJECTIVE: This study contributes basic research in the Integrated Career Management System area in the Navy's Distribution and Assignment core program. It provides guidance on the organizational processes and decision criteria used in matching sailors (or employees) to new assignments. A better understanding of how this process is used to address long-term organizational and individual career development needs can contribute to achieving needed human capital development and employee retention and, thereby, contribute to long-term organizational effectiveness.

The objectives of this project were to:

- Develop and test a theoretical model that goes beyond the traditional focus on whether candidates match the job skill and knowledge requirements (i.e., maximizing organizationally focused criterion of short-term incumbent performance). The additional promotion and transfer criteria added were whether job change decision: (1) supported the organization's longer-term human capital needs, (2) improved short-term individual career satisfaction and commitment, and (3) addressed longer-term employee career development needs. This broadened criteria was hypothesized to be related to selection decision effectiveness. Effectiveness indicators include procedural fairness and decision outcome fairness and several key attitudinal outcomes (e.g., organizational commitment, satisfaction with development, etc.).
- Identify organizational practices that contribute to achieving these promotion and transfer decision effectiveness using empirical evidence. These included the key supporting behaviors of the hiring department and the human resources department.

APPROACH: The conceptual base of this study draws on human resources management, career theory and labor market economics. The literature-based theoretical framework was elaborated using interviews with administrators managing promotion and transfer process and employees who had recent experiences with the internal selection process. The final hypotheses and research model were tested using data from a web-based survey process.

ACCOMPLISHMENTS: The early theoretical work developed the research model that was later tested with both interview and survey data. Those early efforts also contributed to work on the impact on opportunities to expand and enrich one's work role (role innovation and enhancement) on employees' organizational commitment and work involvement. Organizational commitment has been shown to be related to a wide range of performance-relevant outcomes including employee retention. This work received an Best Careers Paper of 2001 award from the Academy of Management and resulted in a research manuscript that will be published in the *Journal of Vocational Behavior* in February 2003.

The theoretical work on the use of criteria beyond the traditional short-term performance maximization focus resulted in a manuscript that was presented at the Western Academy of Management Conference in the spring of 2002. That theoretical work provided the bases for a survey that provided empirical support for findings that will provide the basis of a variety of publication efforts. The survey instrument developed will also be used for additional data gathering efforts that will provide a larger and more generalizable data set for these publication efforts. One manuscript has been submitted to a conference and two additional conference papers will be submitted in January.

Key research questions and the results obtained include:

- *What are the consequences of including broader criteria (e.g., focus on individual career development concerns, etc.) beyond the traditional focus on short-term organizational performance (i.e., whether incumbents' skills match job requirements)?*

Strong support was found for including an "individual focus" criterion in the promotion and transfer (P & T) process. The individual P & T focus construct captures the extent that the P & T decision process is focused on whether the job change will address potential incumbents' career development needs, deepen competence in key areas and increase commitment and satisfaction. On all key outcome effectiveness criteria (i.e., procedural fairness and decision outcome fairness of the P & T process, organizational commitment, satisfaction with developmental opportunities and perceived organizational support), higher levels of individual P & T focus was positively associated with incremental criterion variance over that seen with simply having a short-term "organizational P & T focus." The organizational P & T focus construct captured the extent that the P & T decision focused on whether the employee's background and competencies indicate he/she can quickly handle the new work demands. Having an organizational P & T focus was positively associated with the key outcome effectiveness criteria on the first step of the hierarchical regression analysis, but entering the individual P & T focus in the second step added significant criterion variance. In some cases the organizational P & T focus regression coefficient became non-significant in the final regression equation, however, in all cases the individual P & T focus coefficient was significant and positive. The conference paper submission, "Human Capital Development and the

Promotion and Transfer Process” presents the early survey return results and provides more details. The expanded analysis of the full sample has been completed and the resulting paper will be submitted to Academy of Management Conference in early January. Preliminary work with using factor scores to control substantial intercorrelation between the P & T criteria focus variables show promise and may be included in the eventual journal submission.

The initial hypotheses anticipated four distinct P & T criteria constructs that would capture the short-term versus longer-term dimension as well as an individual and organizational focused criteria dimension. The scale analysis of the survey data indicated that respondents did not adequately discriminate the temporal dimension differences. In the case of the individual P & T criterion measures, all short- and longer-term focused items loaded on the same factor in the principle components analysis and resulted in a strong Cronbach alpha scale reliability coefficient (.93). The longer-term items focused on individual career development needs and the short-term items consider affective responses. The analysis of the longer- and short-term organizational P & T decision focus survey items was less clear. While there was a case for combining the longer and short-term organization focused items into one scale, some item pruning was required. The longer-term organizational focused items consider the long-term organizational needs (i.e., whether the employee’s skills match well with changing future organizational needs and add depth in an area of future importance) and the short-term items addressed whether the candidates can quickly handle the new work demands. It was found that the longer-term organizational focus items had a substantial correlation with the individual P & T focus items and using only the short-term organizational focus items eliminated multicollinearity problems in the regression analysis. Since the principal hypothesis addresses how additions to the short-term organizational P & T focused criteria traditionally seen in the internal selection process, the primary analysis used only short-term organizational P & T focus items. Further scale development efforts will explore the inclusion of experimental comparative scale items and the use of factor scores.

- *What human resource practices help promote the use of broader decision criteria and promotion and transfer decision effectiveness?*

Having the human resource department, as well as the hiring department, centrally involved both early in the promotion and transfer decision process as well as providing information after the selection decision improves effectiveness. The interviews conducted prior to the survey shed much light on this question. Repeatedly, interviewees noted the broad benefits of including representatives from the human resources department in the promotion and transfer design process. Many of those interviews raised procedural fairness issues. Procedural fairness focused on whether appropriate procedures (e.g., collecting accurate information, treating everyone with respect, providing relevant information when requested, etc.). Those interview under-scored the importance of HR department involvement. This lead to the development of survey items that measures the centrality of the HR department and the hiring department in key aspects of the decision process. These items ranged

from whether the HR and hiring department were available with information early in the decision process to being available with information after the final decision is made as well as degree of involvement in the selection decision. Scale analysis resulted in two clear measures that captured both the HR department and the hiring department centrality to the P & T decision process. The two-step hierarchical regression analyses verified that (1) the entry of the hiring department centrality measure in the first step was positively associated with increases in both organizational and individual P & T focus criteria in the selection decision and other effectiveness outcome measures (e.g., procedural fairness, decision outcome fairness, organizational commitment, etc.) and (2) the addition of the HR department centrality measure in the second step explained significant incremental variance for all seven dependent variables. In a number of instances the hiring department centrality measure dropped to non-significance in the final regression equation. The HR department centrality measure, however, was significant in all seven dependent variable analyses. A conference paper submission that summarized these analyses is being prepared and will soon be submitted.

The data created in this project will also provide the basis for additional research and publications efforts including: (1) Construct validity analysis of commitment to self-development and commitment to develop others. Scale and factor analysis provides encouraging support for further development. (2) The analysis of the HR department role in the promotion and transfer decision process noted above will provide the basis for research manuscript. (3) Items measuring a construct called the "protean" career orientation supports further analysis and development. (4) Measures of role innovation and enhancement opportunity and current job complexity and autonomy will provide the basis for further development on the research theme introduced in the *Journal of Vocational Behavior* article noted above.

CONCLUSIONS: The primary conclusions of this research include:

1. Make strong efforts to include promotion and transfer process criteria beyond whether candidates' skills and background prepare them to quickly reach adequate performance. While this focus is important, it is not inconsistent with also using the individual focused considerations such as whether the job changes is consistent with candidates longer-term career development needs and near-term satisfaction. It is easy for short-term performance potential of the candidates to be weighted beyond longer-term human capital needs associated with changing performance demands. Organization procedures that support the use of this criterion will encourage optimized decisions that adequately balance these various criteria. Employees respond favorably to a clear organizational focus. This is consistent with general perceptions of fairness. Adding an individual focus, however, is clearly associated with unique positive outcomes. While some selection decisions may force difficult trade-off between these criteria, with effective processes many selection decisions can identify candidates that satisfy all criteria and avoid such trade-off. Getting line managers to focus on these multiple criteria likely requires explicit procedures that

encourage them to incorporate this broader range of criteria and help them ask the right questions.

2. Promotion and transfer decision processes should be jointly directed by both the hiring department and a unit, such as the human resources department, that acts as employee champion. Doing this helps encourage a focus on the broader decision criteria noted above and is associated with decisions that not only select the right person but is also seen as procedurally fair and leads to attitudes that encourages a range of organizational benefits including higher levels organizational commitment, which lessens the likelihood of turnover and losing the human capital that is needed to compete and be effective in the long-term.

SIGNIFICANCE: Many observers of organizations agree that organizations are increasingly facing changing competitive environments and technical demands. Others also observe that the traditional psychological contract that has bound organizations and their members together for longer-term mutual gain has broken down and many organizations report a lack of employee commitment and a short-term transactional employment relationship. Changing environments can best be navigated with patient and well-developed human capital. Organizations that provide a context that supports employee career development and the thoughtful consideration of longer-term human capital needs are better positioned to adapt to these changing needs and challenges and will have the skill-base required to remain effective over the long haul. Promotions have always been significant events in the lives employees. As organizations have gotten flatter and promotion opportunities have diminished, lateral transfer processes have increased and become more important developmental alternatives for employees. Managing these processes effectively provides a win-win solution for both organizations and their employees.

PATENT INFORMATION: None applicable.

AWARD INFORMATION: Winner of the Overall Best Careers Paper of 2001 award at the National Academy of Management, August 2001.

REFEREED PUBLICATIONS:

1. Prince, J. B. (in press). Career Opportunity and Organizational Attachment in a Blue-Collar Unionized Environment. Journal of Vocational Behavior. (Projected publication is February 2003).
2. Prince, J.B. (2002). The Promotion and Transfer Process: Building Human Capital and Employee Commitment. Paper presented at the Western Academy of Management Conference, March 2002.

BOOKS CHAPTERS, SUBMISSIONS, ABSTRACTS AND OTHER PUBLICATIONS:

1. Prince, J.B. Prince (2002). Human Capital Development and the Promotion and Transfer Process. Submitted for presentation at the June 2003 International Human Resource Management Conference in Limerick, Ireland.